

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 /090 W

----- 126381

R 190957Z MAR 75

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 9462

INFO AMEMBASSY COPENHAGEN

AMEMBASSY STOCKHOLM

AMEMBASSY LONDON

USMISSION BRUSSELS EC

AMEMBASSY PARIS

UNCLAS OSLO 1127

E.O. 11652: N/A

TAGS: ENRG, NO

SUBJ: NORWEGIAN OIL-AMOCO DECIDES NOT TO DEVELOP SOUTHEAST
SECTOR FIELD AND CHEVROM WITHDRAWS

REF: REF: OSLO 906

1. ON FRIDAY MARCH 14 THE AMOCO/NOCO GROUP CONFIRMED
THAT IT HAD DEFINITELY DECIDED NOT REPEAT NOT TO DEVELOP
THE SOUTHEAST TOR FIELD FOR WHICH AMOCO IS OPERATOR. THE
FIELD WAS DISCOVERED IN 1972 IN THE VICINITY OF THE
EKOFISK COMPLEX. DEVELOPMENT OF THE FIELD WAS
EXPECTED TO COST AROUND \$100 MILLION WITH PRODUCTION
TO BEGIN IN 1977. THE GROUP IS REPORTED ALREADY TO HAVE
INVESTED OR ORDERED EQUIPMENT WORTH 15 MILLION DOLLARS FOR
THE FIELD. NORWAY'S NEW SPECIAL EXCESS PROFITS TAX PROPOSAL
IS BLAMED BY THE GROUP FOR THE DECISION, AOTHOUGH
THE GOVERNMENT CLAIMS THAT THE MAJOR REASON
IS LACK OF CAPACITY FOR THE FIELD IN THE EKOFISK PIPE-
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LINES. THE FILD IS CONSIDERED MARGINAL. OTHER MEMBERS

OF THE GROUP ARE AMERADA (25 PERCENT) AND TEXAS EASTERN (25 PERCENT). AMOCO AND NOCO (NOCO IS THE NAME FOR A GROUP OF NORWEGIAN CONCERNS) EACH HAVE A 25 PERCENT INTEREST IN THE FIELD.

2. ON MONDAY MARCH 17, THE DEADLINE FOR ACCEPTANCE OR REJECTION OF THE FIVE BLOCK AWARDS MADE IN NOVEMBER 1974, CHEVROM NOTIFIED THE NORWEGIAN GOVERNMENT IS WAS DECLINING PARTICIPATION IN THE SOU-CALLED MALOY BLOCK (BLOCK 35/3) ALONG THE 62ND PARALLEL IN WHICH IT WAS OFFERED A 35 PERCENT SHARE. CHEVROM WAS TO BE OPERATOR AND BLAMED THE GOVERNMENT'S SPECIAL EXCESS PROFITS TAX PROPOSAL FOR ITS WITHDRAWAL. ALL OTHER COMPANIES ACCEPTED THEIR AWARDS. THE MALOY BLOCK IS IN RELATIVELY DEEP WATER AND INVOLVED A COMPARATIVELY HIGH DEGREE OF RISK. THE NORWEGIAN GOVERNMENT WILL NOT LOOK FOR ANOTHER COMPANY TO TAKE CHEVRON'S PLACE IN THE GROUP TO WHICH THE BLOCK WAS AWARDED. OTHER MEMBERS OF THE GROUP ARE NORWAY'S PUBLIC SECTOR OIL COMPANY' STATOIL (50 PERCENT) AND SAGA (15 PERCENT) A PRIVATE SECTOR NORWEGIAN OIL COMPANY WHICH IS REPORTED NOT TO WISH A LARGER SHARE OF THE BLOCK.

BYRNE

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Message Attributes

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Disposition Comment:
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Disposition Event:
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Margaret P. Grafeld
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